



Linking Participants To A World of Knowledge: Online Resources for Financial Management

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The AFI Resource Center is pleased to provide this presentation about online resources for financial management.

This is one of several presentations developed for AFI grantees on a variety of financial education topics, including Savings and Investing, Budgeting, Credit Scores, Working with Income Tax Preparation Sites and Reducing Home Energy Costs. More information about these other presentation and other useful materials from the AFI Resource Center is available at the end of the show.

Before we begin the training we would like to emphasize that this training is an overview of online resources for financial management and should NOT be taken as a recommendation of any specific company or product. Any reference to financial products and companies are for educational purposes only.

Session Objectives

- Understand how online bill paying works
- Understand other online banking uses such as investing
- Understand the different online budgeting and asset management tools available

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The goals of this session are to help you:

- Understand how online bill paying works;
- Understand how online banking can be used for other purposes such as investing; and
- Understand the most widely used financial management tools that are available to consumers.

Basics of Online Banking

Online banking involves using a computer and the Internet for traditional banking functions:

- View account transactions and balances
- Transfer funds
- Pay bills
- Receive statements
- View check images
- Stop payments
- Make deposits



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Online banking involves using a computer and the Internet to perform banking functions that traditionally had to be accomplished by physically going to a bank. Most financial institutions, including financial service companies, banks and credit unions provide online banking services. In addition, there are financial institutions that operate only online. Account holders can perform banking functions such as viewing account transactions, account balances, transferring funds, paying bills, receiving statements, viewing check images, stopping payments, and making deposits. One of the benefits of online banking services is that they are available 24 hours a day, seven days a week.

Quiz Question #1

What are some of the benefits of online banking?

- A. Convenient, 24/7 access to accounts
- B. Email alerts about account issues
- C. Can aid with managing your money
- D. Transaction history can be downloaded
- E. All of the above

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What are some of the benefits of online banking?

The answer is:

E. All of the above. All of these are benefits of online banking.

Getting Started with Online Banking

- Request by account holder
- Establish multiple layers of security
 - User Name
 - Password
 - Security Image or Phrase
 - Security questions
- Multiple bank accounts can be accessed through a single user online account for a financial institution



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Online banking access is not automatic with all account holders. To get started with online banking, the account holder may submit an online request to access their account online. The financial institution typically has a secure website with several layers of security for approved account holders. Many online banking systems use at least three layers of identification to log into an account. User name, password, and an image or phrase combination serve to uniquely identify the account holder. Security questions add an additional layer of security. One point of entry can support all of the accounts an account holder has with the financial institution. Thus, savings, checking, overdraft protection, loans, credit cards, mortgage payments, and investment accounts can be supported through one online banking account access point.

Online Banking Features and Benefits

- Convenient to consumers – available 24/7
- Reduces trips to bank branch offices
- Useful tool for money management
- Email alerts can be sent when:
 - Bills are available
 - Due dates are approaching
 - Balances are low
 - Transactions are above specified levels
 - Statements are available

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There are many benefits to online banking. First, it's the convenience of having access to bank account information on a 24/7 basis. It can reduce the time and cost of trips to visit your bank branch office.

In addition to convenience, online banking has many features that can facilitate good money management. The features include:

The ability to set up alerts to notify you via email when bills are available for payment, when due dates are approaching, when account balances fall below specified levels, when transactions are higher than specified limits, or when statements are available.

More Online Banking Features

- Download transactions to spreadsheets or financial software in order to:
 - Evaluate budgets
 - Track spending
 - Use for tax or business purposes
 - Create financial documents such as Cash flow statements, Balance sheets or Net worth statements
- Set up present and future transactions such as transfers, automatic deposits or bill payments

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Another benefit of using online banking is that you can download transactions for use in spreadsheet or financial software to evaluate budgets, track spending, and create documents such as cash flow statements, balance sheets and net worth statements.

These financial statements are of great value to consumers for tax purposes or especially those who run a small business. Having convenient and quick access to these records for business transactions is a great feature.

Online banking can also be used to set up transactions such as cash transfers, automatic deposits, and bill payments for immediate action or for action in the future.

Quiz Question #2

Which of these transactions CANNOT occur through online banking?

- A. Transferring funds
- B. Paying bills
- C. Viewing statements
- D. Talking to bank tellers
- E. Viewing check images

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Which of these transactions CAN NOT occur through online banking?

The answer is:

D. Talking to bank tellers – though you could call the bank on the phone during business hours if you have problems online.

Online Banking Setup

- Online banking requires a computer at home and Internet access
- Setup takes time and planning
 - Verification steps
 - Set up payees for bill payment
 - Establish preferences



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Setting up an online banking account may take time, some equipment and some advance planning. First, you need access to a computer in a secure location, such as your home, and you need to have safe Internet access.

Initial setup may require several verification steps to establish identity, set up security protocols, verify accounts on the system, set up payees for bill payment, and establish preferences for notifications, paperless statements, and alerts.

As mentioned previously, online banking provides many advantages for account holders. It is convenient and accessible. The system provides a record of all transactions as soon as they are completed. Transactions can be arranged anytime. Statements and check copies are always available. Online banking is a tool that can be used toward effective money management.

Overview of Online Bill Payment

Bill payments can be made online:

- Online banking system
- Credit card website
- Secure websites managed by payee
 - Utility companies
 - Insurance companies
 - Retail outlets
 - Charities



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Online bill pay allows the payer to make payments online through the payee's website, through the payer's online banking system, or from a credit card website. Many payees allow payers to pay on a secure website managed by the payee's institution including, utility companies, insurance companies, retail outlets, and charities.

Online Bill Payment Features

- Savings on mailing in bills and checks
- Due date and transaction alerts
- Paperless billing and policy notices
- Access to past statements electronically
- Transaction history which can be downloaded

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Other features a creditor or payee may offer when using a website for bill payment include:

- Savings on mailing in invoices and checks through the mail;
- Alerts providing notification for due dates, over limit transactions, large transactions, and payments;
- Paperless billing and policy notices. Notification of these documents will arrive by email allowing the payer to review the notices;
- Access to past statements allows the payer to download and store statements in a digital format; and
- Transaction history can be downloaded to budgeting software.

Online Bill Payment - Setup

When using a checking account bill payment system:

- Payees must be set up in the system
- Payer is responsible for verifying the information
- Processing takes 2 days or more so planning ahead is important

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Online bill payment has a setup process. When using a checking account, the payee has to be set up in the online bill payment system with their name, address, phone number and account number. The payer is responsible for verifying that the information is correct.

It's important to remember that payments may take 2 days or more for processing, so planning ahead is critical.

Online Bill Payment - Setup

- Each system is different
 - Some accept payments immediately
 - Others delay payment processing for 1-2 days
- When using a payee's website
 - Requires an online access account
 - May be required to select an account from which payments will be made
 - Some websites will accept debit and credit cards
 - Some security features require multiple transactions to set up account

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When using online bill payment, it's important to understand that each system is different in the time it will take to process payments. Some systems allow automatic payment acceptance. Other systems defer payment transactions for a day or more.

When using a payee's website, the payer will require the creation of an online access account similar to an online banking account. The payee may also require that the payer select an account from which the payments will be made if the payee does not accept credit or debit cards for payment. This will take some coordination between the payer's checking account(s) from which the payments will be made and the payee's system. After set up, payments can be made.

Safe Online Banking and Bill Pay Practices

- Online bank must have deposit insurance
- Protect account identification information and passwords
- Type website address in browser instead of clicking on links in email
 - Look for https in the site address
 - Close the browser when finished
 - Avoid public computers and public WIFI



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While online banking and bill payment are very convenient services, the user must take care because personal and financial information is disclosed in transactions on these sites.

Choosing an online bank or credit union requires that the user verify that it has deposit insurance. The rules for Federal Deposit Insurance Corporation and the National Credit Union Share Insurance Fund limits also apply to online banks and credit unions.

Account holders should not share user identification names and passwords with persons not on the account. This may be a violation of the online bank or bill payment site policy and may reduce the account holder's protections. Your user identification information and password should not be saved on the site for easy access.

The bank or bill payment may send notifications through the email. The safest way to respond is to go to the bank's website through your browser rather than responding through the email. Identity thieves often use email and websites that mimic the bank or bill payment site so direct access to the site is the safest route. Look at the website address to assure a secure connection. Closing the browser when done with your banking transaction adds an additional layer of safety. Since transactions can be viewed by others when using a public computer or public WIFI, financial transactions should be completed on a private computer with a secure WIFI system accessed by password rather than in a public place such as a library or hotel business center.

Safe Online Banking and Bill Pay Practices

- Financial sites will never request personal information by email or phone – delete spamming emails
- Read account disclosures
 - Processing times
 - Service charges
- Review paperless bills regularly for errors

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It is important to note that reputable financial institutions will never ask for personal information by email or telephone. The account holder should notify the financial institution of the activity and delete the “spamming email” from the computer since it may contain computer viruses as well.

Each financial institution’s website carries its own disclosures on its liability for online transactions. Of special interest will be how and when the payments and transactions are processed. Some payments are credited immediately while others wait as long as 2 days to verify the funds used for payment. This delay can effect the timing on payments. When payments are processed in more than one day, there may be a service charge to process the payment faster. These fees are usually added to the payment.

It is easy to ignore paperless account statements and forget to review them. Paperless statements should always be reviewed for errors and overcharges. The accountholder can develop a convenient computer-based filing system for paperless bill providing easy access and backup.

Quiz Question #3

True or False: To practice safe online banking, you should always reply by email when your bank asks for personal information.

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Question: Name three safe practices when using online banking.

POSSIBLE ANSWERS:

1. Don't use public computers or public WIFI for online banking
2. Never share your account user names or passwords
3. Don't respond to emails asking for personal information – they could be identity thieves

Quiz Question #3

True or False: To practice safe online banking, you should always reply by email when your bank asks for personal information.

FALSE

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Question: Name three safe practices when using online banking.

POSSIBLE ANSWERS:

1. Don't use public computers or public WIFI for online banking
2. Never share your account user names or passwords
3. Don't respond to emails asking for personal information – they could be identity thieves

Online Budgeting/Spending Plans

- A spending plan, or budget, is a plan for managing your money during a given period of time
- The foundation of a financial plan
- Determines the amount available for each financial area:
 - Emergency Fund
 - Saving & Investments
 - Debt Management
 - Insurance



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Budgeting is often the first step in asset building and online tools can be very useful in developing and tracking a budget. One of the benefits of using online banking or other web based financial management systems for budgeting is the ability to see if your actual spending is consistent with the budget you have established, allowing you to adjust as necessary to avoid overspending in a category.

With online personal finance software you can create a budget, import your transactions directly from multiple financial institutions, and plan for retirement all on the same financial management website. Some sites help you determine target amounts for your emergency funds, others encourage you to let your friends know when you have reached a savings goal via social media tools.

Many web-based services integrate financial education tips with useful financial management tools. Account aggregation is one example of these add-on services.

Online Account Aggregation Services

- Compiles data from multiple accounts into a single place. Typical account types are:
 - Bank accounts
 - Credit card accounts
 - Investment accounts
 - Miscellaneous consumer or business accounts
- Three types of aggregation services:
 - Online tools provided by banks and credit unions
 - Desktop software that links to online accounts
 - Third-party online tools

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A convenient tool to aid budgeting and financial management is an online account aggregation service. Account aggregation services provides the user with the ability to view a range of financial information in one location, thus providing a snapshot of the user's financial situation at a given point in time without having to gather data from multiple sources.

Account aggregation services are offered one of three ways. First, many banks and credit unions offer their customers the ability to import, via an online tool, information from other financial institutions, credit accounts, utility and other household accounts into one point of entry, making management and tracking of your own financial information easier. Second, accounting and financial management software that resides on your personal computer can be linked with online accounts to download and import financial information. Third, independent websites such as HelloWallet.com import financial information from banks and other accounts into a single website to allow for customized tracking of a user's spending and saving behaviors.

Online Account Aggregation Services

- Typical features include:
 - Track of all accounts in one place
 - Linking of online banking accounts for easy tracking and management
 - Ability to set up and track goals and schedule reminders
- New features offer personalized recommendations and smart phone “apps”
- Security of account aggregation services is critical

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Choosing the right software or web-based tool depends on your needs, the level of control you want over the budget categories, and the tools the services offered to help you set up an effective financial management system. Key features that are typically available in account aggregation services, and should be explored when choosing a tool, include the ability to import data from a range of financial accounts, including checking and savings accounts, and the ability to set up customized tracking features, such as goal setting, tracking progress toward those goals, and scheduling reminders.

Some of the latest features include spending recommendations based on your location and other personal information, areas of potential savings based on your credit card interest rates, as well as applications for most mobile and smart phones (also called “apps”) that keep you posted when you're not at a computer.

Some users may be concerned about security of information stored on line. Using a strong password, one requiring a combination of upper- and lower-case letters, numbers and symbols found on the keyboard can help secure your financial information. The website will usually indicate the minimum and maximum number of characters you can use in a password and some will indicate if the password you have chosen is “weak” or “strong.” As is the case with online banking, it is important to avoid using a password that contains your name or other login information.

Account Aggregation Software/Apps

Among popular online budgeting and asset management tools are:

- Mint.com
- HelloWallet.com
- Bundle.com



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The following are common account aggregation software applications. Note that descriptions of these are offered for educational purposes only and should not be taken as recommendations. Some of the most used include Mint.com, HelloWallet.com and Bundle.com.

Popular websites with tools

- Mint.com
 - Free
 - Available via website and smart phone app
 - Funded by advertisers
- HelloWallet.com
 - Monthly fee
 - 6 month wealth building plan and personalized advice
- Bundle.com
 - Combines spending and savings recommendations
 - Offers account synchronization and debt management

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Mint.com is free to users and has both a computer and mobile platform. This tool offers automatic categorization of expenses, alerts, bill reminders and goal setting. It is funded by advertisers and includes offers for financial products, like credit cards, throughout the site.

HelloWallet charges a monthly fee to provide access to a suite of online personal financial services, including a six-month wealth building plan and personalized financial advice. There are no advertisements on this site and they develop community partnerships to offer free subscriptions to families in need.

Bundle combines spending and saving recommendations as well as account synchronization and debt management.

Each of these sites, while similar, present the aggregated data in different formats and offer varying degrees of additional services. You should explore these and other online products to determine which is most appropriate for your clients.

Additional Topics You Can Find Online

- Financial Education
- Saving & Investing
- Credit Education
- Goal Setting & Accountability



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Additional Personal financial management resources are available for educational purposes, to support savings and investing habits, to monitor your credit reports and credit score and to help with goal setting and accountability.

Often the online services include email newsletters, tips and other resources to keep financial management “top of mind” in the daily lives of AFI participants. Some things to keep in mind when offering such tools include:

- Guard against identity theft – know the sites you are visiting and keep personal information safe.
- Use caution with auto payments – ensure that the funds are in the appropriate accounts in a timely fashion to avoid overdrafts or other fees.
- Know your information source – some sites offer financial “opinions” be particularly cautious about blogs (web logs) that are hosted by individuals.

The presentation offers several examples of the numerous personal financial management tools and services available on the internet. It is sometimes helpful to have a few trusted sites that you have used and can refer based on your personal experience. If you are uncomfortable entering your personal financial information, try using “dummy data” to simulate a client’s situation to help you determine which tools may be best for the population(s) you serve.

The following slide includes some resources that many community based organizations have used successfully in their financial management efforts.

Additional Resources

<p>Financial Education</p> <ul style="list-style-type: none"> • SmartAboutMoney.org • MyMoney.gov • FamilyMint.com <p>Budgeting & Asset Management</p> <ul style="list-style-type: none"> • Mint.com • HelloWallet.com • Bundle.com <p>Saving & Investing</p> <ul style="list-style-type: none"> • SmartyPig.com • PiggyMojo.com • Investopedia.com 	<p>Online Calculators</p> <ul style="list-style-type: none"> • Free debt reduction calculator for Excel • CNN.com retirement needs calculator • CNN.com home affordability calculator • College Cost Projector at FinAid.org <p>Credit Education</p> <ul style="list-style-type: none"> • CreditKarma.com • AnnualCreditReport.com <p>Goal Setting/Accountability</p> <ul style="list-style-type: none"> • Stickk.com • MindTools.com
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Financial Education:

Assetplatform.org: <http://assetplatform.org>

SmartAboutMoney.org: <http://www.smartaboutmoney.org/>

MyMoney.gov: <http://www.mymoney.gov/>

FamilyMint.com: <http://familymint.com/>

Budgeting:

Mint.com: <https://www.mint.com/>

HelloWallet.com: <https://www.hellowallet.com/>

Bundle.com: <http://money.bundle.com/mymoney>

Saving & Investing

SmartyPig.com: <http://www.smartypig.com/>

PiggyMojo.com: <http://www.piggymojo.com/>

Investopedia.com: <http://www.investopedia.com/university/beginner/#axzz1YbS327Zp>

Credit Education:

CreditKarma: <http://www.creditkarma.com/>

Annual Credit Report: <https://www.annualcreditreport.com/cra/index.jsp>

Goal Setting & Accountability:

Stickk.com: <http://www.stickk.com/>

MindTools.com: <http://www.mindtools.com/page6.html>

Online Calculators:

Debt Reduction Worksheet: <http://www.vertex42.com/Calculators/debt-reduction-calculator.html>

Retirement Needs:

http://cgi.money.cnn.com/tools/retirementneed/retirementneed_plain.html

Education Cost Projector: <http://www.finaid.org/calculators/costprojector.phtml>

Home Affordability: <http://cgi.money.cnn.com/tools/houseafford/houseafford.html>

Have Questions?

AFI Resource Center

Hours of Operation:

Monday – Friday

9:00 a.m. to 5:00 p.m. EST

Email: info@idaresources.org

Phone: 1-866-778-6037

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If you have questions, the AFI Resource Center is available to provide one-on-one technical assistance regarding all your project implementation needs. To reach us, call 1-866-778-6037 or email info@idaresources.org.

You can also visit the AFI Resource Center at www.idaresources.org for other related presentations.